Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

434752

~~CONFIDENTIAL~~
~~S-E-C-R-E-T~~

Security Information

NIE-56

ECONOMIC IMPORTANCE OF SOUTH ASIA *

Resources of South Asia

The South Asia area is the principal source for the Free World of the critical items: block and sheet muscovite mica, amorphous lump graphite, shellac, jute and jute products, and an important source of manganese ore. It is also an important source of tea, black pepper and opium. Small amounts of iron ore, chromite and rubber are exported.

The loss of this area to the Free World would be particularly severe in the cases of amorphous lump graphite, block and sheet muscovite mica, and manganese ore. The latter can be obtained from alternate sources but development to achieve an output over that already planned would be delayed for several years. While the loss of shellac and jute and jute products would create hardships, the effect on the Free World would not be as great as in the case of the metals and minerals. The loss of the remaining commodities (tea, black pepper, opium, iron ore, chromite and rubber) would present problems to the Free World of less imposing nature.

The Importance of Individual Countries

To the Free World, India is the most important country in South Asia because of exports of mica, manganese ore, shellac, jute, iron ore, rubber, opium, and pepper. Ceylon is important for graphite and tea. Pakistan shares, with India, the export of jute and minor amounts of chromite.

---

* Includes India, Pakistan and Ceylon.

DOCUMENT NO. 2
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S (C)
NEXT REVIEW DATE: 1991
AUTH: HR 70-2
DATE: 2/27/81 REVIEWER: 009256

~~S-E-C-R-E-T~~
~~CONFIDENTIAL~~

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

CONFIDENTIAL
Security Information

RESOURCES OF MAJOR IMPORTANCE IN SOUTH ASIA

RESOURCE	CHIEF SOURCES	NET EXPORTS OF AREA 1/ As % of Free World Exports	NET EXPORTS OF AREA 1/ As % of Free World Production	AREA PRIMARILY AFFECTED BY LOSS	DEGREE OF LOSS 2/	REMARKS
NATURAL RESOURCES						
Manganese Ore	India	22	20	Free World	B	Indian ore important because of high quality, necessary for steel industry. Alternate resources ample but development would take several years.
Mica, Muscovite Block, sheet & splittings	India	67	67	Free World	B	Principal source of strategic grades. No developed sources of equal quality. Substitutes may be developed but effective results not anticipated for several years. Stockpile completed on splittings but only approximately 20% for block and film. Government and private stocks of block and film mica sufficient for U.S. needs for about one year.
Graphite, Amorphous lump	Ceylon	100	100	Free World	B	Ceylon is only source of amorphous crude graphite, 97-98% carbon. No accepted substitute for electrode brushes in aircraft. Stockpile of this grade practically completed, and represents about one-fourth of Ceylon's annual exports.
Chromite	Pakistan	1	1	United Kingdom	E	Loss would necessitate increased production from Africa, but considerable time would be required.
Iron Ore	India	8	1	Japan	E	Japan would have to be supplied from other sources.
Shellac	India	75	75	Free World	C	Substitutes not wholly satisfactory. Imposes use of critical materials to produce synthetics. Alternate sources would take several years to develop. Stockpile about 80% complete and is sufficient to supply all U.S. emergency strategic uses for about 20 months.

SECRET

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

~~CONFIDENTIAL~~

S-E-C-R-E-T

Security Information

RESOURCES OF MAJOR IMPORTANCE IN SOUTH ASIA
(Continued)

RESOURCE	CHIEF SOURCES	NET EXPORTS OF AREA As % of Free World Exports	NET EXPORTS OF AREA As % of Free World Production	AREA PRIMARILY AFFECTED BY LOSS	DEGREE OF LOSS 2/	REMARKS
NATURAL RESOURCES (Cont'd)						
Rubber	Ceylon	7	7	Free World	E	Stockpile expected to be achieved in mid-1954. Natural rubber for non-essential use could be replaced by synthetic with little sacrifice.
AGRICULTURAL RESOURCES						
Jute and Jute Products	Pakistan India	99	99	Free World	C	Only source of this type of fiber. Completely satisfactory substitute not available. Alternate sources would take several years to develop. No stockpile.
Opium	India	34	28	United Kingdom	D	Production could be expanded in other areas. Substitutes probably could replace part of the loss. World stocks unknown. US stockpile 28% complete.
Tea	India Ceylon	86	n.a.	Free World	D	Substitution of other beverages. Not probable that alternate sources will be developed. No stockpile.
Black Pepper	India	66	n.a.	Free World	E	Eventual development of alternate sources in Latin America and of substitutes.

~~S-E-C-R-E-T~~

CONFIDENTIAL

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

FOOTNOTES:

n.a. = Not available.

1/ These percentages are based on 1950 export and production figures unless otherwise indicated.

2/ The degree of loss of each commodity has been rated for the year 1952 in the approximate order of importance by the letters A, B, C, D and E. It should be emphasized that because of the many variables involved the application of these ratings necessarily involves a large degree of judgment based upon our appraisal of the current situation.

A = Reduction in defense and essential civilian consumption unavoidable.

B = Impact on defense and essential civilian consumption could be avoided only by drastic reduction of non-essential civilian consumption and by withdrawal from stockpiles, if any.

C = Defense and essential civilian consumption could be maintained only by reducing significantly either non-essential civilian consumption or stockpiles, if any.

D = Maintenance of scheduled defense and essential civilian consumption would require moderate rationing, moderate stockpile reduction, or slowing down scheduled increase of stockpile.

E = Relatively minor economic adjustments could compensate for the loss.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

MINERALS AND METALS

The loss of the strategic mineral supply from South Asia (India, Pakistan, and Ceylon) would have a serious effect on the industries of the United States and the rest of the free world if such loss should occur before 1954, particularly as consumption of these materials is expected to increase sharply in that period. Alternative sources are now in the process of being developed, but it will not be possible to cover apparent deficits in supply from these sources until after 1954. The chief bottlenecks are the time inherent in expanding facilities for mining and transportation in the new areas and the time involved in perfecting technological improvements. A limit is set to the development of new sources by the cost factor, in terms of scarce equipment and manpower, a limitation which will be magnified rather than ameliorated should war occur.

Strategic minerals supplied by South Asia that are of major importance include manganese ore, mica, graphite, kyanite, chromite, rare earths, iron ore, and beryl. The loss of the first three named would present the most serious problems.

Manganese Ore. India supplies about 25 percent of the Free World's output of manganese ore. Its product is virtually all metallurgical ore of superior quality and grade and consequently is of greater value to the Free World than the percentage of supply indicates. Indian ore accounted for 35 percent of the total United States general imports during 1950-51 and a significant part of the manganese ore consumption in other parts of the world. The major effects of the loss of this ore would be:

1. Loss of tonnage and existing facilities for handling it.
2. Virtual cessation of stockpiling in the United States. As of December 31, 1951, there were 2,272 thousand metric tons of metallurgical grade manganese ore in the stockpile inventory over against an objective of 5,080 thousand metric tons.
3. Readjustment of metallurgical practice resulting from loss of high grade ore with some consequent adverse effects on ferro-alloying and steel-producing capacity.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

4. Significant reduction in steel production outside the United States, since it is believed that other countries are not stockpiling to any great extent, unless there is a major redistribution of the remaining supplies of manganese.

Manganese resources in other parts of the world are ample to support expanded production to offset loss of Indian ore. Brazil, Gold Coast, Union of South Africa, Belgian Congo, and Angola are possible alternative sources. However, manpower and equipment shortages, transportation and loading facility bottlenecks, and other factors would delay for several years major expansion in output over that already planned.

Mica. The situation in strategic grades of muscovite mica is very critical since India is by far the world's greatest supplier of several classes. In the instance of sheets and films (especially the thinner classes) which usually comprise well over 95 percent of the manufactured mica imported, India is virtually the sole supplier. Not only is the Indian mica supply vital quantitatively but its loss would also be serious because of the loss of the skills of the many tens of thousands of low-paid workers employed in its preparation.

Strategic stocks of splittings in the United States are above the objective sought, but for block and film, most of which likewise comes from India, the government and private stocks are probably sufficient for about a year. As of December 31, 1951, the stockpile inventory of block mica amounted to 794 metric tons, of film mica, 154 metric tons; the objectives are 3,175 and 907 metric tons, respectively. Loss of Indian mica would require immediate use of inadequate stockpile and drastic conservation measures with attendant losses in efficiency because other sources of supply could not be developed for several years. Stimulation of new sources of production would be extremely costly in money, manpower, and scarce supplies and equipment.

The impact on mobilization production in other countries of the Free World, which also depend very largely on Indian mica, would be even more serious than that in the United States since it is believed that these nations have little, if any, emergency stockpile.

Technologic developments encourage the hope that substitutes can be found for the highest strategic grade of Indian mica but effective results cannot be anticipated for several years.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Kyanite. Although there is sufficient capacity in the United States to produce low grade materials, India is the chief world supplier of premium quality kyanite used as a high grade refractory. Development of synthetic products is underway and by the end of 1952 production is expected in sufficient volume to ease the strategic problem in this commodity in the United States. This development would benefit other countries by making more of the Kenya output available to them. Kenya is the second largest producer although its kyanite is somewhat inferior to that from India.

Chromite. Pakistan produces relatively small quantities of high-grade metallurgical chromite most of which is shipped to the United Kingdom. Loss of this supply would require only minor readjustments. The tonnage could be replaced by increased output in Africa.

Graphite. Ceylon is now the only significant free world source of highgrade amorphous lump graphite which is used chiefly in the manufacture of carbon brushes for electrical equipment. Loss of Ceylon graphite would thus necessitate withdrawals from United States Stockpiles and substitution of inferior products in many applications. Korea is an alternate source but supplies from that area are not available now and future availability is decidedly uncertain. Mexico can supply an inferior product. The stockpile of amorphous lump graphite in inventory on December 31, 1951, was 3,156 metric tons or about one-fourth of Ceylon's annual exports. The objective is 3,356 metric tons.

Rare Earths. India has the largest known resources of monazite in the world. The mineral is of strategic importance because it contains thorium, a possible source of fissionable material, and rare earths. India has not exported any monazite or its products for some time. It now appears certain that the United States will shortly become self-sufficient in rare-earths from deposits recently discovered in California. The stockpile objective for rare earths is 17,237 metric tons. Inventory position on December 31, 1951, was 3,032 metric tons.

Iron Ore. India, including Goa, has the largest high-grade iron ore reserve in Asia but her exports have been small owing to transportation limitations, and until now, to lack of export demand. However, Japan is now negotiating for increased supplies. This trade is important to the expansion of Japanese industry because the iron ore of China, which Japan used extensively in past years, is not now available.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

SECRET
Security Information

Beryl. The products of this mineral may be of value in future techniques of atomic fission but at present are more important in the production of beryllium copper, which has a number of strategic uses. India was an important supplier during World War II but has since embargoed the free export and United States has been able to obtain only minor amounts at irregular intervals. France is obtaining and refining substantial quantities from India. The mineral is in exceedingly short supply and the United States stockpile is far from complete. The stockpile objective for beryl is 20,866 metric tons. The stockpile inventory on December 31, 1951, was 5,135 metric tons.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

SECRET

SECURITY INFORMATION

EFFECTS OF REMOVAL OF SOUTH ASIA FROM THE FREE WORLD SUPPLY AND DEMAND FOR STRATEGIC METALS AND MINERALS

Unit - Metric Ton

	FREE WORLD TOTAL		SOUTH ASIA TOTAL		FREE WORLD LESS SOUTH ASIA		U.S. STOCKPILE
	Mine Production	Apparent Consumption	Mine Production	Apparent Consumption	Mine Production	Apparent Consumption	Dec. 31, 1951
CHROMITE	1,822,000	1,731,000	32,807	11,583	1,789,193	1,719,417	2,379,443
GRAPHITE	113,200	90,000	14,149	1,786	99,051	88,214	10,206
MANGANESE	3,595,652	3,618,000	936,224	50,075	2,659,428	3,567,925	2,336,947
MICA	87,200	87,800	16,579	705	70,621	87,095	16,330

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

SECRET

SECURITY INFORMATION

SHELLAC

SUMMARY

Loss of India would deprive the Free World of about 75 per cent of its supplies of shellac, a commodity which has many strategic uses. On the other hand, should Indian supplies continue to be available, but remaining output in Far Eastern countries be cut off, the supply from India would be reduced 15 to 25 per cent because of cessation of imports of crude lac which that country normally processes.

Crude lac, the hardest natural gum known, is a resinous exudation produced by certain tiny insects from the sap of various host trees in India, Thailand, French Indo-China, Burma, and Malaya. Shellac, the chief product derived from crude lac (crude, stick, seed, and button lac) is marketed in both bleached and unbleached forms.

The US stockpile objective for shellac is 18,000,000 pounds. The inventory as of 31 December 1951 was 14,258,192 pounds which is sufficient to supply all US emergency strategic uses for about 20 months. At the normal rate of consumption (about 36 million pounds per year), the stockpile is sufficient for about 5 months' consumption.

SUBSTITUTES

There is no universal substitute for shellac in its multiplicity of uses. Nearly every substitute for shellac would require a different formulation for each type of use, many of which would be more expensive than shellac. Formulations based on synthetic resins or plastic materials equal or superior to shellac are available or can be developed for requirements of practically all surface coatings, which constitute about half of total US shellac consumption. At least two reasonably satisfactory substitutes for ordinary surface coatings have been developed from other materials.

In a few highly specialized strategic uses of shellac, some differences of opinion exist as to the possibility of developing satisfactory substitutes. Examples are (1) surface coating for industrial patterns; (2) sealant for coils of electric motors and generators; (3) as a bonding agent for abrasive wheels used to impart high polish; (4) built up mica blocks; (5) arms and ammunition (adhesive for percussion caps and detonators, sealant for pyrotechnics).

SECRET

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

In some instances where availability of substitutes would be dependent on raw materials in short supply (e.g., benzene, naphthalene, etc.), allocations might become necessary.

In Western Europe the development of shellac substitutes from plastic materials presents more of a problem than in the US. This is because that area lacks a well developed petrochemicals industry and hence has neither the wide variety of raw materials to draw upon from this source nor the advanced technical know-how that goes with it, for developing formulations to meet a wide range of specifications. It is not believed that any of the Governments of Western European countries are stockpiling shellac.

Japan would be even more pressed than Western Europe to develop substitutes because of its less well-developed plastic materials industry. Its requirements for capacity operation of consuming industries are less than one-tenth those of the US, but actual imports have been very small.

Canada, on the other hand, has a well developed plastic materials industry and would also be able to draw upon the US for some materials, technical know-how, and end products into which shellac enters.

PRODUCTION AND TRADE

India produces nearly 75 percent of the world's unbleached shellac. Of this production, however, from 15 to 25 per cent is from sticklac imported from Burma, Pakistan, and possibly Thailand. These countries, Indo-China, and Malaya are the only others which produce sticklac, but they lack sufficient facilities to process all their crude lac output to unbleached shellac. Thus the dependence on India for unbleached shellac of indigenous origin must be added dependence for processing facilities of crude lac imported from Far Eastern countries.

Indian production of unbleached shellac and US imports of unbleached and bleached shellac from India have been as follows (in thousands of pounds):

	Indian production	US Imports from India	
		Unbleached a/	Bleached
1948	37,315	35,006	107
1949	43,278	23,350	0
1950	40,369	24,908	262

a/ Imports of crude, seed, button, or sticklac, converted to unbleached shellac equivalent. US imports in this category actually consist mostly of unbleached shellac.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

The proportion of US imports of unbleached shellac supplied by India declined from about 94 per cent in 1947 to 65 per cent in 1950, as Thai production and direct exports to the US increased.

Little information is available on the lac industry of Pakistan. East Pakistan is reported to have about 1,000 acres under cultivation, most of the output of which is taken by a Government experimental shellac-manufacturing station. Two small private pilot factories are also beginning operations in East Bengal, lac production of which can be expanded if demand warrants.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

S-E-C-R-E-T
SECURITY INFORMATION

NIE-56

SOUTH ASIA

Agricultural Significance of South Asia to the United States, US Allies, and "Other Non-Communist" Areas

Summary

The India-Pakistan-Ceylon area is, except for jute, of relatively minor importance to the Free World as a source of agricultural commodities, though it exports significant amounts of opium, tea, pepper and some other commodities. The area is virtually the only source in the world of jute and jute products. On the other hand, the area is a distinct liability insofar as certain food commodities, particularly grain, are concerned. India and Ceylon are large importers of rice, wheat, and other grains.

See Appendices 1 through 4 for detailed statements and tables on jute, opium, tea and pepper.

Important Commodities

1. Jute - The chief jute surplus producing countries of South Asia and the Far East--India and Pakistan--account for about 99 percent of all the jute and jute products which enter world trade.

Because of its relative cheapness, ease of manufacture, and availability in quantity and uniform quality, jute is now used more than all other vegetable fibers combined, except cotton. It is used mainly in the manufacture of gunny hessians, and other kinds of sacking for sugar, coffee, grain, stock feed, potatoes, fertilizers, wool, peanuts, sand bags, and covering for bales of cotton and other fibers. The chief defect of jute is its lack of durability. It is well adapted for uses where cheapness is more important than strength or durability.

Jute products may be divided into four categories: (1) Raw jute, which also includes jute butts or cuttings; (2) gunny cloth, which is composed of both sacking gunny cloth (a coarse open-weave cloth of lower grade jute used mainly in covering cotton bales) and hessian cloth (burlap - made of high-grade jute, of closer weave and is stronger and lighter in weight); (3) gunny bags made from sacking gunny cloth and hessian cloth (burlap); and (4) all other kinds of manufacture, which includes rope and twine, yarn and twist, and other unspecified products.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Prior to the partition of India and Pakistan in 1947, the territory which is now India accounted for about one third of the sub-continent's production, but virtually all of the jute industry. Since that time India has been expanding production, and Pakistan developing industry and improving port facilities. The 1950 jute crop of 1.4 million metric tons included about 800,000 metric tons in Pakistan and 600,000 in India and was near pre-war levels. With a trend toward self-sufficiency in production and processing of raw jute in both countries, disruptions in the flow of jute to the rest of the world which followed the partition and India's devalued rupee should not be repeated on the same scale.

The loss of India and Pakistan would be serious to all the countries in the Free World which depend heavily upon jute and jute products. Except for programs which could be initiated by governments to either extend the life of present supplies or substitute other materials for jute and its products, the loss of the South Asian supply of jute would require far-reaching adjustments to prevent widespread hardship on those countries whose industries and defense efforts depend to some extent upon jute and jute products.

Recently shortages and consequently higher prices of jute have, however, given impetus to technological advances in jute substitutes including multi-walled paper, other fibers such as kenaf and increased use of bulk methods of handling and storage. The areas hardest hit by the loss of South Asian jute would be those, such as in Europe, where substitutes are less readily available and difficult to acquire because of exchange and other problems.

2. Opium - India is the only opium exporter of any consequence in the Far East, and the United Kingdom is her best customer. In 1950, the United Kingdom bought over 90 percent of its opium from India. The United States meets most of its opium requirements by purchases from Turkey and Iran, the two other major opium-producing countries. The seriousness of the loss of the United Kingdom if India's opium supply were curtailed or lost would depend to a large extent upon the adequacy of the United Kingdom's stockpile and the rapidity with which alternate sources of supply could be developed. The opium poppy grows under a fairly wide range of climatic conditions. This fact suggests that the United Kingdom, with the cooperation of the other allies, might be able to grow her supply in other areas in an emergency. Such a production program would, however, require a considerable amount of preliminary planning, plus some form of subsidy to poppy growers.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Although the loss of India's opium would be a direct loss only to the United Kingdom, many other countries would be indirectly affected as a result of their dependence upon the United Kingdom for morphine and methylmorphine (codeine). Australia, New Zealand, Canada, the Union of South Africa, and Ireland all imported the major portion of their morphine supply from the United Kingdom in 1950. Canada, Australia and New Zealand also received most of their codeine imports from the United Kingdom in 1950. See also opium report on Near and Middle East.

3. Tea - The tea surplus producing countries of South Asia--India, Ceylon, and Pakistan - furnished 335,812 metric tons or 85 percent of the world tea exports which totaled 393,642 tons in 1950. In that year India alone supplied 50 percent and Ceylon 34 percent of world tea exports.

Tea is consumed in practically every country in the world, though produced in commercial quantities in relatively few countries. It would be impossible to make up the deficit, occasioned by the loss of South Asia, from other areas. Present world tea production is adequate to meet demand, but no large surplus stocks are available. Tea deteriorates so rapidly in storage that building up a large stock-pile is probably not feasible.

4. Black Pepper - The surplus black pepper producing countries of South Asia - India and Ceylon - exported 15,651 metric tons or 66 percent of world black pepper exports in 1950. Practically all of South Asia's black pepper exports were from India.

The heavy world demand for black pepper is reflected in the fact that current prices are about 40 times pre-war levels. Before the war, Indonesia was the leading source for black pepper, and production in that country is expected to increase fairly rapidly; however, it will probably take years to increase production in Indonesia even to the level of production of India, and it is very unlikely that black pepper output in Indonesia will approach the prewar level within the foreseeable future.

Eventually, certain countries in South and Central America and elsewhere may become important sources of black pepper, or a satisfactory synthetic substitute may be developed; but until that time, India will probably retain its position as the leading, or at least, one of the two leading exporters of black pepper.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

5. Other Commodities - South Asia is also an exporter, though on a relatively small scale, of coconut oil and peanut oil. In 1950 Ceylon supplied a little less than 10% of the world's total exports of copra and coconut oil. The chief suppliers were the Far East countries, the Philippines, Malaya, and Indonesia. Exports from Ceylon are largely in the form of oil as contrasted with the other exporting countries, which export mainly in the form of copra. The loss of Ceylon's coconut oil would be of relatively minor consequence to the Free World. See also Far East report on copra and coconut oil.

Also, India exports between 10 and 15 percent of the world's total exports of peanuts and peanut oil. European countries import most of the Indian peanuts and oil. Alternative sources for peanut oil include British and French West Africa, which have been rapidly expanding production, and the United States, from which cottonseed and soyabean oils, as well as limited quantities of peanut oil, would be available.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

88

NIE-56

SOUTH ASIA

Appendix 1 - Jute

Appendix 2 - Opium

Appendix 3 - Tea

Appendix 4 - Black Pepper

Washington, D. C.
14 March 1952

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Appendix I

SOUTH ASIA

Jute

Significance of South Asia in World Supply

The jute surplus producing countries of South Asia and the Far East -- Pakistan, India, Nepal, Taiwan, French Indochina, and Japan -- provide essentially all of the world's exportable supply of jute. Pakistan and India are the chief exporters, accounting for about 99 percent of all the jute and jute products which enter world trade. It is here that the optimum combination of climatic conditions and a large supply of unskilled labor are found in the proper proportions. Average annual exports for the two-year period 1948/49 - 1949/50 were about 1.2 million metric tons (see note 5, Table 2) of which a negligible amount went to other countries in South Asia.

Because of its cheapness, ease of manufacture, and availability in quantity and uniform quality, jute is now used more than all other vegetable fibers combined, except cotton. It is used mainly in the manufacture of gunny hessians, and other kinds of sacking for sugar, coffee, grain, stock feed, potatoes, fertilizers, wool, peanuts, sand bags, and covering for bales of cotton and other fibers. Special types of burlap supply the backing for linoleum and oilcloth. Jute yarns are used in the manufacture of rugs and carpets, and as seating and backing supports of upholstered furniture. The chief defect of jute is its lack of durability. It is well adapted for uses where cheapness is more important than strength or durability. This is true in the above enumerated uses.

In the United States, from one-half to three-quarters of total jute-consumption is used for packaging agricultural products. In 1948, 40.8 percent of the mill feeds, 25.2 percent of the commercial mixed feeds, and 13.2 percent of the flour were packed in jute bags. Jute is the most popular packaging material for mill feeds, but cotton and paper are more widely used for mixed feeds, flour and meal. About one-third of the cotton crop is ordinarily baled in new open-weave jute bagging. The rest is baled in

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

second-hand and repaired jute bagging and bagging made from other fibers. (To cover one-third of the 16 million cotton bales in 1951 required in the neighborhood of 29,500 metric tons of jute bagging.) Industrial use of raw jute consists mainly of carpet yarn, twine, and yarns for repairing bagging material. The United States bag manufacturing industry, which ranks second only to India, uses as its raw material "hessian" (burlap) and sacking woven in India.

At the time of partition in 1947, India was capable of supplying only about one-third of her jute mills' requirements of raw jute, while Pakistan, with two-thirds of the sub-Continent's production, had neither a jute industry of her own nor adequate port and baling facilities for shipping the raw fiber. Political, financial, and trade disruptions within India and Pakistan were responsible for the decreased production of jute during and after the war. The 1950 crop of 1.4 million metric tons (807,777 in Pakistan and 597,443 in India) was near the prewar level. The 1951 crop is expected to be still larger.

Movement of raw jute from Pakistan to India was halted in 1949 when the refusal of Pakistan to devalue her rupee along with India resulted in a breakdown of financial relations between the two countries. India severely restricted exports of raw jute from Calcutta and announced a program to achieve self-sufficiency in jute. Pakistan subsequently lowered acreage quotas. In a trade agreement finally worked out between the two countries in April 1950, financial difficulties between the two countries were lessened and later trade agreements have assured India a supply of Pakistan jute up to July 1, 1952. By late 1950, Pakistan had improved her port facilities to the extent that it is at least physically possible to dispose of future Pakistan jute crops without either the Indian market or the port facilities of Calcutta. Given an adequate supply of jute, the prospect for meeting future world needs for burlap, sacking, and other jute goods will depend upon the future of Indian jute industry, the success of Pakistan in developing an industry of her own, and utilization of jute-consumption capacity outside Asia.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

In this report exports of jute are divided into four categories: (1) Raw jute, which also includes jute butts or cuttings; (2) gunny cloth, which is composed of both sacking gunny cloth (a coarse open-weave cloth of lower grade jute used mainly in covering cotton bales) and hessian cloth (burlap - made of high-grade jute, of closer weave and stronger and lighter in weight); (3) gunny bags made from sacking gunny cloth and hessian cloth (burlap); and (4) all other kinds of manufacture, which includes rope and twine, yarn and twist, and other unspecified products.

1. Raw jute has a wide pattern of distribution throughout the world. The United States imported an average of 14.1 percent (57,772 metric tons) of the India-Pakistan exports during the two-year period, 22.3 percent (91,244 tons) went to the United Kingdom, 31.3 percent (128,111 tons) went to other NATO countries, and 11.7 percent (47,821 tons) went to other allies, making a total of 79.4 percent, or 324,948 metric tons annually shipped to the United States and its allies. Other non-Communist countries, including those in Western Europe, South America, the Near Middle East, and Africa, received 8.3 percent (34,133 tons) of raw jute for the two-year period. Of the remainder, 8.0 percent (32,553 tons) went to the Soviet Orbit and 4.3 percent (17,710 tons) to other countries not identified.

2. Gunny cloth, exported almost solely by India (until recently when Pakistan began constructing mills to process jute) goes mainly to the higher industrialized nations of the world. These exports averaged 1,282 million yards per year for the 1948/49 - 1949/50 period. During the two-year period the United States, the largest user of gunny cloth, received about 721 million yards, or 56.2 percent of India's exports. The United Kingdom took 158 million yards, or 12.3 percent. Other NATO countries accounted for 6.8 percent, which when added to "other allies" represents 21.6 percent of India's exports. The United States and its allies took 77.8 percent, or about 998 million yards, of India's exports of gunny cloth. Non-Communist areas of the Near and Middle East, Far East, and South America took 19.4

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

percent (249 million yards) of which 217 million yards went to South America. Other countries not identified received the remaining 2.7 percent. The trade for the two-year period does not report exports to Communist countries. Exports to Communist countries just prior to 1948 amounted to about 3.5 million yards per year.

3. Gunny bags which consist of sacking and hessian textiles are also exported almost exclusively by India, with Pakistan now making a bid for world markets. This trade includes a large number of the countries of the world. In 1947 over 90 countries received gunny bags from India. These exports averaged about 420 million gunny bags for the 1948/49 - 1949/50 period.

The trade pattern of gunny bags is almost the reverse of gunny cloth, since the majority of the former goes to countries of less industrial importance. The United States imports amounted to less than one percent of India's total exports of bags. Australian imports accounted for 17 of the 26.1 percent (109 million) of all gunny bags imported by the United States and its allies. Non-Communist countries took 57.9 percent, or 243 million bags, in the following proportion of total exports: Near and Middle East, 8.5 percent; Africa, 10.5 percent; Far East 20.1 percent; South America, 6.7 percent; Central America, 11.7 percent; and Western Europe, 0.4 percent. Total exports to non-Communist countries amounted to 83.9 percent (352 million bags) leaving 12.7 percent for other unidentified countries and 3.4 percent for the Soviet Orbit countries.

4. All other kinds of jute include twist and yarn, rope and twine, and "all other kinds" not elsewhere specified. Exports of this category from India amounted to approximately (See Note 4, Table II) 31,556 metric tons per year for the three-year period shown in Table 2. About 72 percent of these exports went to the United States; 13 percent went to other NATO and allied countries totaling 85 percent. Nine percent was divided among non-Communist countries in the Near and Middle East, Africa, the Far East, and South America. Five and one-half percent went to other unidentified countries, and one-half of one percent was shipped to Soviet Orbit countries.

United States Dependence on South Asia.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

The United States is wholly dependent on South Asia for its jute and jute products. To some extent the United States might alleviate the critical hardship caused by loss of this source of supply by initiating programs to provide substitute packaging materials to supplement existing stocks or replace them altogether. Such programs as expanding production of osnaburg and sheetings for cotton bags, the wider use of paper bags and cotton fabrics, shipping in bulk or at least larger packages, fuller utilization of used bags by conservation programs, procurement programs to direct the commodity into essential uses, price controls, etc., would extend available supplies of jute.

Allied Dependence on South Asia

Most of its allies and non-Communist countries, like the United States, are wholly dependent on the South Asian supply of jute and jute products. The loss, therefore, of this source of supply would have more or less the same effect on them as upon the United States. National programs similar to those enumerated in the United States to conserve supplies would, in theory, extend the period of usefulness of many jute products which would have the effect of alleviating somewhat the loss of this supply. During World War II many of the Allies and other Western European countries substituted paper and low grade hemp for jute.

Table 1 shows average raw jute exports for the two years 1948/49 - 1949/50 from India and Pakistan to the chief importing countries and areas of the world. Table 2 shows average exports of jute manufactures for the three years 1948/49 - 1950/51 from India to the chief importing countries and to other areas of the world with totals and appropriate sub-totals.

Conclusions.

The loss of India and Pakistan would be serious to all the countries in the Free World which depend primarily upon jute and jute products, since this area produces about 99 percent of the world's annual production of about 1.6 million metric tons. Except for the programs which could be initiated by country governments to either extend the life of present supplies or substitute other materials for jute and its products, the loss of the South Asian supply of jute would require far-reaching adjustments to prevent widespread

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

some extent upon jute and jute products.

An enumeration of programs and trends, which would appear to lessen the demand for jute in case of an emergency, follow. Possibly, if jute again returns to large supply with an accompanying decrease in price, many of its former uses may return; but with the present experience of high price of jute and the experiences encountered by countries during the war, it is not likely that jute will quite maintain the commanding position of importance in the container industry that it once had, especially in the more advanced industrial nations of the world.

Shortage of jute during the war plus high prices gave strong impetus to technological improvements of the multi-walled paper bag. By 1948, paper comprised 59 percent of total United States consumption of cotton, burlap, and multi-walled paper for bags, compared with 18 percent in 1939. During the same period, burlap's share fell from 38 percent to 22 percent. The United States and Canada are the major nations where paper has replaced jute container material, but similar developments have begun in the United Kingdom. Depending upon the availability of paper and pulp, this movement may be expected to spread to other countries as well. After expensive packaging equipment designed for use with paper has been installed, it would be difficult to switch back to the use of jute materials.

Fibers which may be used as substitutes for jute are the subject of experimentation and development in several areas. India has been supplementing her jute crop with mesta (kenaf or Bimli jute). This crop is also being grown in the Caribbean countries and the United States on a small commercial scale. Brazil is expanding output of domestic jute. "Congo jute" (Urena lobata) production is being pushed in the Belgian Congo./ Domestic fibers also are being experimented with in the Philippines and Australia. Domestic fibers now supply much of South Africa's sacking needs.

A development which, though difficult to assess, is strongly affecting the use of all containers and packaging materials, is the growing popularity of bulk handling and storage methods. This development appears to be an inevitable result of advances in technology, the growth of capital, and particularly increases in the size of firms handling and consuming the raw materials concerned.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Far Eastern and Southeast Asian countries which produce rice use bags made from the rice stalks almost exclusively for domestic storage and internal transportation. The bags, made by natives with the use of a very simple machine which spins the straw, are bulky and weigh from 6 to 8 pounds. If kept dry they may last for several seasons. Only the countries which export rice have need for jute bagging since in transportation it is desirable to maintain gross weight as near the level of net weight as possible.

Attachments

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

SECRET
Security Information

Appendix 1

Table 1. SOUTH ASIA: Average Annual Exports of Raw Jute for the Two-Year Period 1948/49 - 1949/50 1/

DESTINATION	SOURCE		
	Pakistan	India	Total
	Metric Tons		
United States	35,101	22,671	57,772
Allies:			
United Kingdom	51,795	39,449	91,244
Other Allies	25,636	22,185	47,821
Other NATO	78,751	49,360	128,111
Total Allies	156,182	110,994	267,176
Total U.S. and Allies	191,283	133,665	324,948
Other Non-Communist:			
Western Europe	6,039	3,552	9,591
South America	10,217	10,522	20,739
Near and Middle East	1,499	-	1,499
Africa	2,304	-	2,304
South Asia 2/	605	-	605
Total Other Non-Communist	20,664	14,074	34,738
Total Free World	211,947	147,739	359,686
Soviet Orbit	14,229	18,324	32,553
Other Countries	-	17,710	17,710
Total Exports	226,176	183,773	409,949
Intra-Area Trade - Exports of Pakistan to India	605		605
Net South Asia	225,571	183,773 3/	409,344

1/ The export year of India and Pakistan is from April 1 to March 31 of the following year.

2/ This figure was not used in determining percent exported to other non-Communist areas since it represents intra-regional trade, otherwise total percentage would be greater than 100.

3/ This figure represents exports of Indian jute and is not a reexport of Pakistan jute.

SECRET
Security Information

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Appendix 1

Table 2. Average Annual Exports of Jute Manufactures from India for Specified Years

DESTINATION	Total Gunny Cloth 1/ 1948/49 - 1950/51	Total Gunny Bags 2/ 1948/49 - 1950/51	All Other Kinds 3/ 1947 4/
	1,000 yards	1,000 bags	Metric Tons
United States and Territories	720,611	7,120	22,754
Allies:			
United Kingdom	157,758	18,290	1,989
Other NATO	87,708	6,662	1,148
Other Allies	31,797	77,290	864
Total Allies	277,263	102,242	4,001
Other Non-Communist:			
Western Europe	-	1,478	40
Near and Middle East	11,440	35,537	238
Africa		44,003	532
Far East	20,156	84,397	559
Central America		49,280	-
South America	217,009	28,133	1,553
Total Other Non-Communist	248,614	242,828	2,922
Total Free World	1,246,488	352,190	29,677
Soviet Orbit	-	14,278	148
Other	35,240	53,174	1,731
Grand Total	1,281,728	419,642	31,556
		Metric Tons 5/	
Grand Total 5/	323,084	394,853	40,179

1/ Includes gunny and hessian cloth.

2/ Includes sacking and hessian gunny bags.

3/ Includes twist and yarn, rope and twine, and "all other kinds" as designated by the Annual Statement of the Sea-Borne Trade of British India.

4/ 1947 is the latest year for which complete figures for country of destination are available. The 1947 total figure does not vary greatly from figures of later years.

5/ Annual average tonnage for 1948/49 - 1949/50 period. These total figures when added to raw jute export figures equal about 1.2 million metric tons. See first paragraph, page 1.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

SECRET
Security Information

SOUTH ASIA

Opium

Significance of South Asia in World's Supply.

Total world production of raw opium before World War II amounted to slightly more than 1,000 metric tons annually. About 25 percent of this amount is known to have been produced in the area of South Asia, specifically in India. India is the only country in South Asia with a significant exportable supply of raw opium. However, the Indian Government does not seem to be in a position to ascertain the production, stocks, exports, etc., of raw opium; the reporting authorities continually change or revise their statistics, so that, for any given year, the figures in question may remain uncertain for the succeeding three or four years, and it may become impossible to reconcile them completely. In spite of the inadequacy of statistics, however, it is clear that India is an important producer of opium. Known production in each of the five years 1943-47 was above 425 metric tons. India's reported production was higher than that of any other country in the world for four of the five years for which data are available.

In 1950, India exported about 218 tons, or slightly more than one-third of the 637 metric tons known to have entered world trade. Of this amount, 76 percent went to the United Kingdom and 16 percent to France. The United Kingdom also obtained about 2 tons of opium from Singapore in 1950. It is not known where this amount was grown. Indonesia exported less than one-fourth of a metric ton, all to the Netherlands.

United States Dependence on South Asia.

The United States is not dependent upon South Asia for opium. In 1950, less than 2 percent of India's known exports came to the United States. This amount was only about 1 percent of total United States imports of opium.

The opium stockpile objective of 127 metric tons is scheduled to be completed by 30 June 1954. However, because of tight supply and the

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

difficulty in procurement it is questionable if that deadline can be met. From 30 June 1951 to 31 December 1951 the 6.6-metric ton accumulation raised the percent of stockpile accumulation from 23.6 to 28.8 percent of the total objective. The amount scheduled for delivery by 31 December 1951 would have increased inventories to 30.1 percent of the total objective had it been delivered. The amount scheduled for delivery 30 June 1952 will increase stockpile inventories to 31.7 percent of the total objective. Although stocks planned for delivery at various dates between the present time and the target date indicate a 96.4-percent fulfilment, scheduling of deliveries beyond 30 June 1952 has not been completed. This indicates that until more deliveries can be scheduled the accumulation of opium beyond mid-summer 1952 will remain at 31.7 percent of the total objective.

Allied Dependence on South Asia

Of our allies, the United Kingdom is the largest importer of Indian opium. With the exception of small amounts from Turkey and Singapore, India was the only supplier of opium to the United Kingdom in 1950. France also imported 35 metric tons, or about 99 percent of all her opium imports, from India in 1950.

Other Non-Communist Dependence on South Asia

Pakistan is the only other country which imports an appreciable amount of opium from India. In 1950, Pakistan imported a total of 12 metric tons of opium, all of which came from India. What happened to these 12 tons is not reported. Pakistan does not report manufacture of either morphine or codeine.

The attached Table 1 shows the exports of raw opium for the year 1950 from India, Singapore and Indonesia, by country of destination.

Conclusion

India is the only opium exporter of any consequence in the Far East, and the United Kingdom is her best customer. Of all the countries

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

of South Asia, therefore, the loss of India alone would seriously curtail the Free World's supply of opium. The United Kingdom would suffer directly from the loss of India's opium. In 1950, the United Kingdom bought over 90 percent of its opium from India. The United States purchases most of the available opium in Turkey and Iran, the two other major opium-producing countries. The seriousness of the loss to the United Kingdom if India's opium supply were curtailed or lost would depend to a large extent upon the adequacy of the United Kingdom's stockpile and the rapidity with which alternate sources of supply could be developed. The opium poppy grows under a fairly wide range of climatic conditions. This fact suggests that the United Kingdom, with the cooperation of the other allies, might be able to grow her supply in other areas in an emergency. Such a production program would, however, require a considerable amount of preliminary planning, plus some form of subsidy to poppy growers.

Although the loss of India's opium would be a direct loss only to the United Kingdom, many other countries would be indirectly affected as a result of their dependence upon the United Kingdom for morphine and methylmorphine (codeine). Australia, New Zealand, Canada, the Union of South Africa, and Ireland all imported the major portion of their morphine supply from the United Kingdom in 1950. Canada, Australia and New Zealand also received most of their codeine imports from the United Kingdom in 1950.

Opium is composed of about 25 alkaloids of which four are useful in medicine. However, only two alkaloids, morphine and codeine, are important.

Raw gum opium yields about 11 percent of morphine and one percent of codeine by weight.

Morphine has two major uses. First, it is a pain killer and is used as an analgesia and as an inducer of sleep. Secondly, it is the product from which codeine is methylated. Approximately 80 percent of all morphine is used in the form of codeine and other narcotic derivatives.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Appendix 2

SECRET

Codeine has several uses. Since it contains 10 to 15 percent morphine it retains most of the pain-killing properties of morphine but it does not have the sleep inducing effects. Codeine is used widely in the treatment of ambulatory patients since it can be self-administered. It is used to treat post-operative cases to prevent coughing. It is also an ingredient in medicines used in the control of cough, and is used in patrol action as a preventative measure against coughing, which may disclose one's position.

Experiments have not as yet produced entirely satisfactory substitutes for morphine and codeine. A dozen synthetic narcotic drugs are now subject to international control; but only two, methadone and dromoran, are of significant importance. Dromoran closely resembles morphine in its pain-killing properties but is highly addicting. This synthetic is available in unlimited supply, and has been standardized for use by the armed forces. Although another synthetic called methadone (called amadone by the Germans who discovered it during World War II) has medicinal properties similar to those of codeine in its effect on the control of cough, the medical profession has not found it to be as reliable as codeine in the treatment of the various ills for which codeine is so universally effective.

Fairly good results have been obtained from experimental use of these drugs with service personnel; but is must be remembered that these military personnel do not represent a fair sample of the population of the United States.

There does not exist sufficient evidence to indicate that synthetic substitute narcotics are available to replace morphine and codeine in medical uses in the United States at the present time. Although much experimental work is being done to develop satisfactory substitutes, it cannot be assumed that substitutes will for the next few years, at least, lessen the need for raw opium.

SECRET

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Appendix 2

SECRET

SOUTH ASIA

Table 1. Raw Opium Exports, 1950

DESTINATION	SOURCE			
	India	Singapore	Indonesia	Total
	--Kilos--			
United States	3,981	-	-	3,981
United Kingdom	165,438	1,892	-	167,330
Other NATO				
France	35,562	-	-	35,562
Netherlands	-	-	500	500
Other Non-Communist				
Pakistan	12,567	-	-	12,567
Soviet Orbit	-	-	-	-
Unspecified	140	-	-	140
Total	217,688	1,892	500	220,080

Source: Permanent Central Opium Board.

SECRET

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

SOUTH ASIA

Tea

Significance of South Asia in World's Supply.

The tea surplus producing countries of South Asia - India, Ceylon, and Pakistan - furnished 335,812 metric tons or 85 percent of the world tea exports which totaled 393,642 tons in 1950.

India is the most important source of tea in the world. In 1950, India alone supplied 195,142 metric tons of tea, or 50 percent of world exports. Ceylon, the second most important source of tea, supplied 135,217 tons, or 34 percent of world tea exports in 1950. Pakistan's tea exports amounted to only 5,453 metric tons.

United States Dependence on South Asia.

The United States produces no tea. Tea exports to the United States in 1950 amounted to 46,237 metric tons. Of this total 36,464 tons, or 79 percent, came from South Asia. Ceylon was the leading source, supplying the United States with 19,410 metric tons, and India was second with 17,054 tons. Next to the United Kingdom, the United States imports more tea than any other country.

Allied Dependence on South Asia.

Tea exports to our allies in 1950 totaled 259,711 metric tons. Ninety-one percent of this total came from South Asia. The Allies took 66 percent of world tea exports in 1950. The United Kingdom alone took 180,759 tons, or 46 percent of world tea exports for 1950. About 96 percent of the tea exports to the United Kingdom in 1950 came from South Asia. All our allies except France, the Netherlands, and Portugal are dependent on South Asia for a major share of their tea imports.

Other Non-Communist Area Dependence on South Asia.

Practically all other non-Communist countries depend on South Asia for most of their tea imports. Ireland imports 91 percent of all tea going to other non-Communist Western Europe from this area. Egypt, Iran, Iraq and Arabia combined take 89 percent of all tea imported into the non-Communist Near and Middle East area.

Conclusion.

Tea is a very important beverage which is consumed in practically every country in the world. It is produced in commercial quantities in relatively few countries. About 84 percent of the world's exportable tea production is accounted for by India and Ceylon alone. The loss of South Asia would deprive the Free World of its major source

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

of tea, and it would be impossible to make up the deficit from other areas. Present world tea production is adequate to meet demand, but no large surplus stocks are available. Tea deteriorates so rapidly in storage that building up a large stockpile is probably not feasible.

Attachment

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Appendix 3

SECRET

Table 1. Exports of Tea from the Ceylon - India - Pakistan Area by Area of Destination, 1950

Destination	SOURCE					
	Ceylon	India 1/	Pakistan 1/	Total Southeast Asia	All Other 2/	Grand Total
	-- Metric tons --					
United States & Possessions	19,410	17,054	-	36,464	9,773	46,237
Allies						
United Kingdom	43,633	126,147	4,127	173,907	6,852	180,759
Australia	17,689	7,684	-	25,373	2,662	28,035
New Zealand	6,367	1,022	-	7,389	-	7,389
Other NATO Countries:						
Canada	9,712	9,516	592	19,820	1,373	21,193
Netherlands	2,114	1,774	-	3,888	12,096	15,984
Turkey	259	1,787	371	2,417	-	2,417
Remaining NATO Countries	1,288	64	-	1,352	864	2,216
Total other NATO Countries	13,373	13,141	963	27,477	14,333	41,810
Other Allies	330	1,143	-	1,473	245	1,718
Total Allies	81,392	149,137	5,090	235,619	24,092	259,711
Other Non-Communist						
Far East	2,362	617	-	2,979	5,364	8,343
Near & Middle East	17,642	13,391	72	31,105	6,891	37,996
Africa	11,579	642	-	12,221	7,040	19,261
Other Western Hemisphere	1,185	1,272	183	2,640	788	3,428
Other Western Europe	1,498	13,026	108	14,632	850	15,482
Total other Non-Communist	34,266	28,948	363	63,577	20,933	84,510
Total Free World	135,068	195,139	5,453	335,660	54,798	390,458
Soviet Orbit	-	3	-	3	1,317	1,320
Ships Stores	147	-	-	147	3	150
Other Countries	2	-	-	2	1,019	1,021
Unspecified	-	-	-	-	693	693
Total Exports	135,217	195,142	5,453	335,812	57,830	393,642
Intra-area Trade	791	99	-	890	3	893
Net Exports	134,426	195,043	5,453	334,922	57,827	392,749

1/ Crop year

2/ Includes primarily Taiwan, Japan, Indonesia, India, China, Malaya, British East Africa, Nyasaland and Brazil.

SECRET

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Appendix 4

SOUTH ASIA

Black Pepper

Significance of South Asia in World's Supply.

The surplus black pepper producing countries of South Asia - India and Ceylon - exported 15,561 metric tons or 66 percent of world black pepper exports in 1950. Practically all of South Asia's black pepper exports were from India.

India is not only the leading exporter of black pepper, but also a leading consumer. Consumption of black pepper is higher in India than in any other country except the United States. Production of black pepper in India has increased only about a third since prewar years, but exports rose from a prewar average of 1,344 metric tons to 15,371 tons in 1950, largely as a result of curtailed supplies in Indonesia. Domestic consumption of black pepper in India declined from a prewar average of about 14,000 tons to approximately 6,000 tons in 1950, largely because of a remarkable rise in the world price. The price of black pepper rose from 4 cents a pound on the New York spot market in 1939 to 10 cents in 1945, 62 cents in 1948, $1.06 in 1949 and $1.63 in 1950. Chili pepper has been widely substituted for black pepper in India, but black pepper is greatly preferred, and a substantial increase in domestic consumption of black pepper is forecast if the price of this commodity declines significantly. Despite an extremely high price for black pepper, however, production in India has shown only a moderate increase in recent years, and no unusual expansion of production is in prospect.

United States Dependence on South Asia.

No black pepper is produced on a commercial scale in the United States. The United States imports more than half of the world's exportable supply of black pepper. India furnishes about two-thirds of the world's exports

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

of this commodity. Black pepper is by far the most important of the spices. It accounted for about two-thirds of the value of all spices imported into the United States in 1950. In that year, India supplied about 11,000 tons, or 80 percent of United States black pepper imports.

Allied Dependence on South Asia.

Nearly all of our allies are dependent on India for the major portion of their imports of black pepper.

The largest direct shipments from India to our allies in 1950 went to the Netherlands, Canada, Italy, and Western Germany. The Netherlands, however, re-exported black pepper to some of our other allies and to other countries.

Other Non-Communist Area Dependence on South Asia.

Most of the other non-Communist countries are dependent, either directly or indirectly, on India for a major part of their black pepper. Black pepper is produced commercially in only a very few countries, but it is the most universally consumed of all spices.

Conclusions.

The loss of India would reduce the supply of black pepper available to the Free World to an amount equal to less than one-half of the imports of the United States alone. Before the war, Indonesia was the leading source for black pepper, and production in that country is expected to increase rapidly; however, it will probably take years to increase production in Indonesia even to the level of production of India, and it is very unlikely that black pepper output in Indonesia will approach the prewar average within the forseeable future.

Eventually, certain countries in South and Central America and elsewhere may become important sources of black pepper, or a satisfactory synthetic substitute may be developed; but until that time, India will probably retain its position as the leading or, at least, one of the two leading exporters of black pepper.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Appendix 4

Table 1. SOUTH ASIA: Exports of Black Pepper by Area of Destination, 1950

DESTINATION	SOURCE				
	India	Ceylon	Total South Asia	All Other	Total
	—Metric Tons—				
United States & Possessions	10,657	84	10,741	2,296	13,037
Allies					
United Kingdom	-	31	31	40	71
Germany	378	-	378	44	422
Other Allies	-	18	18	7	25
Other NATO Countries:					
Canada	591	19	610	6	616
Italy	257	10	267	61	328
Netherlands	1,724	19	1,743	847	2,590
Remaining NATO	-	1	1	404	405
Total NATO	2,572	49	2,621	1,318	3,939
Total Allies	2,950	98	3,048	1,409	4,457
Other Non-Communist					
Far East	-	-	-	3,067	3,067
Near and Middle East	160	-	160	7	167
Africa	-	-	-	12	12
Other Western Europe	59	-	59	-	59
Other Eastern Europe	-	-	-	6	6
Other Western Hemisphere	-	-	-	28	28
Total Other Non-Communist	219	-	219	3,120	3,339
Total Free World	13,826	182	14,008	6,825	20,833
Soviet Orbit	523	-	523	-	523
Ship Stores	-	8	8	-	8
Other Countries	1,022	-	1,022	1	1,023
Unspecified	-	-	-	1,196	1,196
Total Exports	15,371	190	15,561	8,022	23,583

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Petroleum

This study is based on the year 1952 with the assumption that no general war would occur in event of denial of the oil of any one of the specified areas. The data is considered adequate for general conclusions on the petroleum position of the United States, Canada and Western Europe in event of loss of these areas.

The loss of South Asia (India, Pakistan and Ceylon) would result in a surplus in the supply position of the remaining Free World. Although there is an excess of refining capacity, it is too small to be of much consequence.

This area is a petroleum deficit area with an availability of only about .4 million metric tons and a requirement of 7.2 million (including 1.8 million tons of bunkers). The resulting deficit amounts to about 6.8 million tons.

Since the bunker requirement is primarily utilized for trade of the non-Communist countries with the area, it is assumed that it would disappear with the loss of the area. The refining capacity of India, Pakistan and Ceylon totals only about .6 million tons.

The remainder of the non-Communist world would show a surplus of about 7.6 million metric tons, which is 1.2% of the total requirements amounting 622.7 million.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Security Information

TABLE I. Availability and Civilian Requirements in the Non-Communist World
1952 Assuming no General War
Thousand Metric Tons Crude Oil Equivalent

Countries	Crude Oil Availability	Crude Charging Capacity	Civilian Requirements 1/ Bunkers	Other Products	Total
US, Canada and Western Europe					
US and Possessions	379,800	367,375	18,352	378,579	396,931
Canada	7,250	23,620	777	20,768	21,545
Iceland	-	-	69	228	297
Norway	-	50	200	1,677	1,877
Denmark	-	31	141	1,940	2,081
United Kingdom	50	29,615	2,979	19,700	22,679
Netherlands	700	7,375	911	3,255	4,166
Belgium-Luxembourg	-	3,495	320	3,200	3,520
France	190	24,675	1,100	12,188	13,288
Italy	10	10,655	733	6,108	6,841
Portugal	-	500	250	778	1,028
West Germany	1,300	6,987	355	6,549	6,904
Finland	-	-	1	705	706
Sweden	-	1,190	163	4,946	5,109
Spain	-	2,435	1,989	1,697	3,656
Switzerland	-	200	-	1,331	1,331
Yugoslavia	150	400	-	322	322
Total	389,450	478,603	28,310	463,971	492,281
Far East	13,850	17,452	3,536	15,222	18,558
Near East	114,400	50,295	10,254	10,283	20,537
South Asia					
India	250	273	553	4,000	4,553
Pakistan	200	240	222	1,348	1,570
Ceylon	-	-	744	362	1,106
Total	450	513	1,519	5,710	7,229
Africa	100	75	3,124	6,794	9,918
Latin America	112,500	80,971	9,179	39,100	48,279
GRAND TOTAL	650,750	627,909	56,722	541,080	596,802

1/ For the purposes of comparison in this study the requirements for petroleum products have been converted to crude oil equivalent. It has been assumed that the weight of the products available is 87 percent of the weight of the crude oil used in their production. For comparative purposes the same percentage relationship is assumed for the bunkering requirements as well as the requirements for other products. As in the case of availability the estimates have been based on information developed by the Petroleum Administration for Defense with the assistance of special industry committees. It is believed that the range of error is between plus 5 and minus 5 percent.

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5

TABLE II. Relationship of Crude Oil Availability to Total Requirements
1952 Assuming no General War
Thousands of Metric Tons Crude Oil Equivalent

	Crude Oil Availability	Requirements: Civilian: Bunkers	Requirements: Civilian: Other Products	Requirements: Military	Requirements: Total	Surplus / or Deficit -
Total Non-Communist World						
US, Canada and Western Europe	389,450	28,310	463,971	33,150	525,431	-135,981
Far East	13,850	3,336	15,222	-	18,558	- 4,708
Near East	114,400	10,254	10,283	-	20,537	/ 93,863
South Asia	450	1,539	5,710	-	7,229	- 6,779
Africa	100	3,124	6,794	-	9,918	- 9,818
Latin America	112,500	9,179	39,100	-	48,279	/ 64,221
Total	630,750	55,722	541,080	33,150	629,952	/ 798
Loss of Far East	616,900	52,386	525,858	33,150	611,394	/ 5,506
Loss of Near East	516,350	55,722	530,797	33,150	619,669	-103,319
Loss of South Asia						
US, Canada and Western Europe	389,450	28,310	463,971	33,150	525,431	-135,981
Far East	13,850	3,336	15,222	-	18,558	- 4,708
Near East	114,400	10,254	10,283	-	20,537	/ 93,863
Africa	100	3,124	6,794	-	9,918	- 9,818
Latin America	112,500	9,179	39,100	-	48,279	/ 64,221
Total	630,300	54,203	535,370	33,150	622,723	/ 7,577
Loss of Africa	630,650	52,598	534,286	33,150	620,034	/ 10,616
Loss of Latin America	518,250	46,543	501,980	33,150	581,673	- 63,423

Declassified and Approved For Release 2012/09/19 : CIA-RDP79R01012A001700030007-5